

**COMMITTEE ON ACCOUNTS, ENROLLMENT & REVENUE
ADMINISTRATION**

March 19, 2002

4:30 PM

Chairman Shea called the meeting to order.

The Clerk called the roll.

Present: Aldermen Shea, Guinta, Smith, Thibault, Lopez

Messrs: T. Parsons, J. Cooper, L. Buccino, K. Buckley, R. Sherman, G. Beloin,
S. Wickens

Chairman Shea addressed Item 3 of the agenda:

Communication from Tina M. Parsons, Finance Department, requesting reimbursement to Ms. Judith Cooper for travel costs associated with a two-day seminar held in Boston, MA.

Ms. Parsons stated Ms. Cooper was more than willing to absorb the cost on her own but in looking at it and in looking at Laurel's budget, it is a small department without a whole lot of expenses and a whole lot of money allocated towards professional development. I suggested that we could bring it before this Committee to ask if perhaps it would be okay to waive the 65-mile requirement. From my understanding and the women may certainly speak for themselves but they go regionally to a lot of meetings here in New England and are able to network with some very good professionals. I will let Judy speak to the level of professionalism at this particular seminar and the requirement, really, to be there in the evening to network with those who are present. If you leave after dinner, it makes it more difficult to really exchange ideas and get what you really need to get from being there so I will let her speak to that.

Ms. Cooper stated my letter probably speaks for itself and I won't bore you with a lot of details because I can get very enthusiastic and carried away. Going to Boston was particularly important. Harvard speaks for itself. They do such excellent work, they do cutting edge work and I was able to meet people for their 25th year addiction treatment celebration. I saw a lot of people who have written books and have some new notions. One of them was Dr. Bertham Modrice, who is doing a lot of work on neurobiology, which is an important piece, I find in dealing with the kids. They need to know what alcohol and other drugs do to the brain. She not only was very supportive, she gave me a

CD-ROM that I can use with the kids. I also was able to network during the evenings with folks who might have some input in whether the City gets a grant for a freestanding adolescent treatment facility. That is still in the works and that was very important. I hope that you see fit to see this as a worthy project. I am not trying to get something for nothing.

Alderman Lopez asked where does the money come from if the Committee decides to approve this.

Ms. Buccino stated we get money from the State...we get reimbursed for the services that we do provide and it is partially for conferences and so forth. Both Judy and I are licensed alcohol and drug abuse counselors and to keep up that license we need 48 credit hours every two years of conferences and so forth. We use some of the money that we get from the State to pay for those conferences. Most of them are provided by our counselors association, which provides them locally. Most of them, I would say probably 90% of them, we go right to the Manchester Country Club in Bedford and get six credit hours for one day and they have those four times a year so we are able to get our 48 hours usually pretty locally. Occasionally, once a year this conference comes up and I have been to it. We don't go every year but it is certainly worth it. As Judy said Harvard does speak for itself and as far as in our City budget we have only \$500 for travel and conferences, which really wouldn't cover this.

Alderman Lopez asked so this is just basically an error on everybody's part.

Ms. Buccino asked as far as the 65-mile requirement. At the time...I do have the travel policy and I read through it again and it is there. As I said, we don't travel very often and kind of forgot about...the last time we went I don't think it was 65 miles and now we know that it is obviously.

Alderman Thibault asked what part does the City pick up on that.

Ms. Buccino answered nothing.

On motion of Alderman Smith, duly seconded by Alderman Thibault, it was voted to approve this request.

Chairman Shea addressed Item 4 of the agenda:

Ordinance approved by the Committee on Administration/Information Systems increasing fees for inspections submitted pursuant to the revenue policy for consideration as to whether or not a public hearing is warranted.

Alderman Lopez asked could we get some advice from the City Clerk.

Clerk Bernier answered it does not need a public hearing. If you look at the ordinance, they are only increasing the fees to what it costs them to perform the job.

On motion of Alderman Lopez, duly seconded by Alderman Thibault, it was voted to recommend that a public hearing is not warranted.

Chairman Shea addressed Item 5 of the agenda:

Audit status update submitted by Kevin Buckley, Internal Audit Manager.

Alderman Lopez moved to accept the audit status update. Alderman Smith duly seconded the motion.

Alderman Lopez stated I would just like to comment on the audit of the Welfare Department and I want to personally compliment Kevin for the outstanding job he did on it. It reads like a book and is very understandable.

Mr. Buckley stated I would like to point out on the status update that you asked me to come in today and talk about the Canal and Victory garages and how soon I could get an audit report for you. I have done the preliminary work on it and if everything goes well and they have the information in order when I get to the garages probably toward the end of this week I should be able to get a report to you next month on what is going on in those two garages.

Alderman Lopez stated there was something that came up on this in the Traffic Committee. Do you want to comment Alderman Guinta?

Alderman Guinta stated yesterday in the Traffic Committee there was a discussion only within the Committee regarding free parking in the Canal and Victory parking garages on Saturdays. Currently what we are doing is if there is an event the garage is open to the public for either \$3 or \$5 per car and there was a concern that we were not generating revenue and furthermore there was a concern that we were actually losing revenue. So, we were discussing the idea of making Saturday parking in those two garages free and then there was further concern that without having specific numbers as to what revenue we are bringing in and what the cost is to open that facility for those specific event days, without having that information, we felt as though we couldn't make a decision. So, I think there is a communication requesting and I don't know if it is a full audit but more of a general understanding of how much it costs to put people in there during events at the civic center and how much money we are generating. I think we are talking in the plus or minus hundred dollars per event.

Mr. Buckley replied the revenue information they gave me is broken down by garage, by day, by type of parking fees they collect so the revenue part is easy to get for you. The expenditure part shouldn't be too hard either, I will just have to massage the numbers to determine how much of a salary, etc. and I should be able to get that to you by next month.

Alderman Guinta stated so we just tabled the item until we receive that information.

Alderman Lopez stated I have a few comments to pass on to you as the auditor. Whether they are true or not, the number of cars parking in the garage versus receipts versus people parking cars in the garage without paying or storing cars in the garage for the winter and we don't have a contract for the garage and whether or not we are going to have to pay a penalty somewhere down the line. Those are some things I would like to point out to you.

Mr. Buckley replied I think I am kind of aware of those already and I have been looking into that sort of stuff in my preliminary research.

Chairman Shea called for a vote on the motion. There being none opposed, the motion carried.

Chairman Shea addressed Item 6 of the agenda:

Internal audit of the Welfare Department.

On motion of Alderman Lopez, duly seconded by Alderman Smith, it was voted to accept the internal audit.

Chairman Shea addressed Item 7 of the agenda:

Communication from Guy Beloin, Financial Analyst II, submitting monthly financial statements for the eight months ended February 28, 2002.

Mr. Sherman stated what Guy is passing out is the same thing as in the agenda. The agenda page is...because they did two-sided don't match up so we put them on one sheet of paper so you could see the columns carry across the report.

Mr. Beloin stated I would like to start with Page 3 unless anyone has any questions on the balance sheet, which would be Pages 1 and 2. Page 3 would be the expenditure report. To start out, I would like to point out the percentage of unobligated expenditures at the bottom of Page 4. For FY2002 we still have 34.62% left of the expenditures for another four months so we are pretty much on target there and we have 1/3 of the year left. If we look at last year, FY01, we had 35.04%. If you want to go left to the agency section, at

the Welfare line at this point there is a negative balance of \$143. Of the transfer that was placed in there, the contingency, it is pretty much used up at this point. I don't know if you have found that line or not.

Alderman Guinta asked how much was the transfer.

Mr. Beloin answered \$250,000.

Alderman Guinta asked and when was that made.

Mr. Beloin answered I think in January.

Chairman Shea stated I think that leaves approximately what \$750,000...

Mr. Sherman interjected yes we still have \$750,000 set aside for Welfare. We will be coming in with another \$250,000 at your next Board meeting, not tonight, but the meeting in April. I did a projection on the Welfare budget through the end of June earlier today and I actually think that at one point we were predicting a \$1 million problem and at this point if January and February trends continue we are actually probably going to be closer to \$850,000. Again, if things tend to get better obviously that will free up more of those contingency funds.

Alderman Guinta asked is that taking into account the expected reimbursement that the Commissioner was talking about regarding the Rooms & Meals tax that had been paid.

Mr. Sherman answered no. That would take into account not paying the Rooms & Meals tax going forward but if we ever do get that reimbursement back that would just come in as reimbursement type revenue.

Alderman Guinta asked and that would go directly to the Welfare Department or it would come to the City of Manchester.

Mr. Sherman answered it comes to the City.

Alderman Guinta asked and then theoretically we would reimburse part of our contingency fund...we would deposit that back into the contingency fund.

Mr. Sherman answered well if Welfare does not need the entire \$1 million that we have set aside, yes, you will have balances left over in contingency that...it will actually come back to the Board and if you decide that you want to give some of that money back to the Library or give it back to the Police Department or wherever those funds all came from because each department contributed to that \$1 million so if there are dollars left the Board will decide where that goes.

Alderman Smith asked in other words right now we have \$750,000 in the contingency fund and it would grow.

Mr. Sherman answered it is not that it will grow, it is just that it will not all go to Welfare. Right now that is all earmarked for the Welfare Department but again if Commissioner Martineau only needs \$600,000 that would leave \$150,000 in that that you could use for another purpose.

Alderman Thibault asked has the State ever reimbursed money that had been paid. I always heard that there was a rule that once the money was paid you couldn't retrieve it.

Mr. Sherman asked on the Rooms & Meals.

Alderman Thibault answered yes.

Mr. Sherman stated what the State has told the Commissioner is that if he can get the hotel to refile their rooms and meals reports...they actually have to go back like it would be an amended tax return that they are filing and then they would say okay this is what I paid you, however, I should have only paid you and the State would...it would come back to the City probably even through the hotels, probably like a pass through. They told them I believe that it was three years they could go back.

Alderman Lopez stated on Page 6 and I am talking about revenue, in looking at this report the Traffic Department and the Tax Collector are down. Have you calculated how much revenue we might need from the rainy day fund?

Mr. Sherman replied the latest projection we had we are still showing just under \$1 million shortfall on the revenues. What we did was we took the February numbers and we kind of projected forward until the end of June. A big issue there will be the auto registration. Last year, April was an incredible month and if we don't repeat that again this April that \$1 million number could actually get higher.

Alderman Guinta asked the pass through money, theoretically the reimbursement would go to the hotel and we are talking about one hotel right.

Mr. Sherman answered probably over the three years it is more than one. Queen City is obviously the largest one.

Alderman Guinta asked but there are other hotels.

Mr. Sherman answered yes.

Alderman Guinta asked then whose responsibility would it then be to procure the money from those hotels.

Mr. Sherman answered I think the Commissioner is working with the hotels to go back and even say well this is how much we paid you so if you are going to amend your reports...I think they are kind of working as a triangle there between the State and the hotels and the Commissioner.

Alderman Guinta asked but are we relying on the...if and when the reimbursement is mailed from the State to those hotels are we relying on the Commissioner to...I mean they are going to be nice chunks of change.

Mr. Sherman answered again I think we are but I don't think that is going to be an issue. I can understand that you don't want it to go to the hotel and have them put it in their pocket versus reimbursing it so again I think there is a relationship that has been set-up there to insure that the City does get its funds back.

Chairman Shea asked the Anthem overpayment was not figured in on the financial revenue side was it.

Mr. Sherman asked the health audit.

Chairman Shea answered yes.

Mr. Sherman stated right now what we are showing here for the health audit is zero revenues. We did accrue some at the end of last year but we are having such a hard time getting Anthem to come to the table and actually make those payments. We probably have only gotten about \$45,000 or \$50,000 in actual credits back from them. Right now they have identified close to \$500,000. It is a struggle. Anthem is not going to give that money up without a fight. As far as this year, we are not putting anything in until we actually collect it.

On motion of Alderman Smith, duly seconded by Alderman Thibault, it was voted to accept the monthly financial statements.

Chairman Shea addressed Item 8 of the agenda:

Communication from Sharon Wickens, Financial Analyst II, submitting reports as follows:

- a) department legend;
- b) open invoice report over 90 days by fund;
- c) open invoice report (all invoices for interdepartmental billings only);

- d) open invoice report (all invoices due from the School Dept. only);
and
- e) listing of invoices submitted to City Solicitor for legal
determination.

Alderman Lopez moved the item for discussion. Alderman Thibault duly seconded the motion.

Alderman Smith stated I would just like to go back to these worker's compensation reimbursements. There are three of four individuals on this list and I can't understand why we can't get the money from them. I can't understand the reasoning.

Ms. Wickens replied those are monies that they received from the State for worker's compensation and we also here at the City paid them. it is very sticky as to trying to get money back once you paid the employees. We have referred this to the City Solicitor's Office. Dan Muller actually has those in his hands right now and is looking into how to collect them.

Alderman Smith asked you mean if they are still employed you cannot take it out of their checks.

Ms. Wickens answered no you can't and Tom Arnold might be able to elaborate on that.

Deputy Solicitor Arnold replied she is right. You cannot. Once the wages have been paid...the City actually did that once before and we ended up in court and the court said that it was not proper to take it out of their pay. What we did in that case and what we do now is if it is not paid willingly we bring a Writ of Summons and collect it that way.

Alderman Smith stated I see a company where we waived their payments and I see they are on the list again for non-payment.

Ms. Wickens asked which one is that.

Alderman Smith answered Senecal Properties.

Ms. Wickens stated Senecal Properties is kind of a hard one. I guess they sold their property but they were still being billed and we didn't know that they had sold it and they had never contacted us. In fact, they contacted the Fire Department to say that they received the bills and that payment was coming but later on they said they never really owed the money. We did write-off \$160, which is what we know that they did indeed owe. Now this property is owned by somebody by the name of Joseph Cable. I know that Tom has a payment plan that he is trying to work out with him. We are going to transfer this money over into his name but we are still working with Tom Arnold and the

Solicitor's Office to see exactly what dollar amount should fall under Joseph Cable's name.

Alderman Guinta asked on Page 2 of 8B, Mark Fava for \$10,800 and the Riverfront Park Foundation for \$57,600. What is that?

Ms. Wickens answered Mark Fava, that is an old collection item and I can't remember the specifics on that but it is in our collection agency's hand. They are trying to collect it. I don't think we are going to collect it and we are going to have to turn it over to our Solicitor's Office to follow-through with some legal proceeding.

Alderman Guinta asked do we know who he is or what that is about.

Ms. Wickens answered he used to be an employee of the Police Department.

Alderman Guinta asked is he a police officer.

Mr. Sherman answered he was a police officer and part of the deal with the police officers was when they came in and we sent them to training they had to stay with the City for a certain period of time or else they had to pay for their training. They couldn't come in for three months, get all of our accreditation training and then take off for another police force and that is exactly what he did. We have, for a number of years, been trying to collect on this. It is a hefty sum for a young police officer to come forward and pay. I am not even sure which community he went to so there wasn't any chance to get a reimbursement from them.

Alderman Guinta asked do we know if he is still in New Hampshire.

Ms. Wickens answered CCS is still doing skip tracing efforts but they have not been able to locate him and this is going to Tom and he is probably not going to be able to locate him.

Alderman Guinta asked am I reading this right that this has been outstanding since 1997.

Mr. Sherman answered actually probably before that. The reason you see a lot of 1997 is that is when we converted the financial systems so everything we carried from one system to the other came on as 1997. That one may even be closer to eight or nine years. At one point we were receiving payments. There had been a deal worked out and he was making payments and then he stopped and it has been hanging there for awhile.

Alderman Guinta stated it seems like that is a long period of time not to collect a debt. If I don't pay a credit card bill on time then I will be on the news somewhere because I didn't pay a \$100 bill. For \$10,000...is there some sort of procedure we can look into to

try to rectify...I don't know how much money we have here, \$100,000 but the next one Riverfront Park and I think we talked about this one and that we are not getting that money.

Alderman Thibault asked, Randy, didn't we bring that up last month or the month before that we can start a procedure and I guess you were telling us that there is a problem with the computer and nobody is in charge of this whole thing.

Mr. Sherman answered maybe we will put something on the next agenda. I guess what I would like to do is come in and explain how the system works versus how we are using it. The entire HTE system is actually supposed to revolve...it revolves around property not around budgets or departments and everything in the system is supposed to be linked through the property and the problem is that we are not doing that. So, I can't go over and say well this lot number and then find out what their sewer bill is because EPD is using a different account structure and Water is using a different one. We could use the system better to track this.

Alderman Thibault stated we talked about this a month ago.

Ms. Wickens stated I actually do send all of the departments copies.

Mr. Sherman stated right now it is being done manually. Sharon sends the reports out.

Ms. Wickens stated every month I send copies to the departments to show them who is in for collections, who is on the write-off list, who I have sent to the Solicitor in case they recognize somebody when they come to the counter because they don't all use the HTE system.

Mr. Sherman stated somebody like a Mark Fava though you are not going to get him.

Alderman Thibault stated I guess what I was getting at at the time I brought that up was that many people start different businesses in the City and we never get them for money they owe us. Isn't there a way to track that and if a guy applies for a permit and we see that he has a \$300 bill here to the City we should collect that before we give him his permit?

Mr. Sherman replied yes there is a way to do that and that is what we have to work on. You had a question on the Riverfront Park, Alderman Guinta? Riverfront Park is Singer Park. What we do is we are paying the debt service...that is a City bond to pay for that and we are paying the debt service. What we do at the end of the year to the debt service that we have paid is we invoice them. They are actually running a year behind on the payments. They are making our debt service payments in arrears. It is in accordance with the lease and all that it is just that they need to run behind. Really, this is last year's

invoice and that is why it is over 90 days. They will pay that this year and then we will invoice them again for the next amount. They are always going to be behind unless they have a banner year down there and feel that they want to pay in advance really in their case.

Alderman Guinta asked what exactly is our write-off policy. What criteria are we using for a write-off policy?

Ms. Wickens answered what we do is anything that is over 90 days the departments now that they need to send it for collection. The collection agency makes their best effort. When they can't collect they send it back to us with an "all efforts have been exhausted comment." If it is over \$1,000 we will then forward it to the Solicitor's Office for collection. If it is under \$1,000 we send it to Committee for write-off.

Alderman Guinta asked what does the Solicitor's Office do. Is there a process they follow or is it on a case by case basis?

Deputy Solicitor Arnold replied it is pretty much on a case by case basis. What I do is take a look at it and see if there is a legal basis for collecting the debt making sure that for instance the statute of limitations hasn't run out. I then try to make some kind of judgement on an ad hoc basis of what the likelihood that we are actually going to collect the money is. Obviously it doesn't make much sense to put a lot of effort into a collection action if you are not going to collect any money. I make some type of evaluation on what the likelihood is and either pursue a collection action of which we have several going at this point or come back to the Committee and say it is unlikely we are going to collect this money and ask that it be written off.

Alderman Guinta asked if there is a collection action pursued and the person is found guilty what happens next at that point. Is there any...assuming you can locate them in the State or the City what can be done?

Deputy Solicitor Arnold replied when there is a judgement sometimes it is a matter of locating the person but yes there are procedures for either getting what we call a Writ of Execution, which you send to the Sheriff to try to collect the money or district court also has a procedure for collecting periodic payments. You go before the judge and the judge will add the debt and the ability of the debtor to pay and may make an order saying that they are to pay so much weekly in which case they have to make those payments or they are in contempt of court. Basically you have to look at each case on a case by case basis to determine whether it is worth pursuing. Then if it is worth pursuing, which procedure would best suit the individual circumstances.

Alderman Guinta asked where is the Mark Fava case.

Deputy Solicitor Arnold replied I don't believe that has been referred to us.

Ms. Wickens answered that is still at CCS. In fact, I will call them and tell them I want it back.

Alderman Guinta asked do you know how long they have had it.

Ms. Wickens answered maybe a year. They have been doing skip-tracing efforts and because it was so large I was allowing them to keep going.

Alderman Lopez stated on Page 28 of 8B, number 25, Federal grants when you see a major item like this, \$745,000...

Ms. Wickens interjected are you looking at School Interdepartmental or Over 90 Days.

Alderman Lopez stated I am looking at Over 90 Days, Page 28. Is that the Airport?

Ms. Wickens replied I just called them on this and they told me they are working on it.

Alderman Lopez stated my question is at what point do we get some heavyweights involved in this and try to get our money.

Mr. Sherman replied I guess what we will have to do is refer those to Kevin Dillon and try to get some detail on them.

Ms. Wickens stated I did talk to the Airport on this not long ago and they were working on trying to collect some of them.

Alderman Lopez replied that is not my question. My question is I know you do a great job but at what point do we get the heavyweights involved after they are not paying something like a major item like this? Heavyweights meaning department heads.

Mr. Clougherty stated I will remind the department that when we put together the policy and the reporting there was some concern by the Airport that they perhaps would be given special arrangements, you may recall, because they felt that they needed to have the ability to work with the airlines and other things, other customers, a little bit differently and we said in that regard fine we will abide by that but we are still going to disclose to the Committee what these items are. With respect to the Airport, as Randy said, we will refer that to Kevin and ask him to take a look at it and give you a response at the next meeting. I don't want to speak for him given the arrangement we made.

Alderman Thibault asked doesn't the Federal government also get involved in that to some extent.

Mr. Clougherty answered it could be that some projects and granted you understand the amount of work that we are doing down at the Airport is considerable but sometimes the reimbursement has to occur after certain things happen and after certain justifications so it could be phases of things that take a little bit longer and as a result he is not able to draw down but I will let him speak to that. Our arrangement was that we would disclose it to you. We disclosed it and I will now let him explain it.

Alderman Lopez asked can you put a comment on the report like the transition date in 1998, \$304,000 we haven't even received. Why?

Ms. Wickens answered there were a lot of items on there and when talking to Airport they had cleaned up a lot and had been able to draw a lot and it didn't sound to me like this was something she couldn't draw. I guess we can talk to Kevin about it.

Mr. Clougherty stated we will refer this to Kevin Dillon and let him respond. We said we wouldn't talk to them going forward because that was the Committee's wishes but we would disclose it.

Alderman Smith stated I think that we have to do a little bit better with collection agencies, even if we have to use the City Solicitor often. I see another one, the Cadillac Motel. They are down there twice.

Ms. Wickens replied the very last report that I submitted to you is an entire list of what should be in the Solicitor's hands right now. It is in the packet that you have and the Cadillac Motel is there. I don't know how...he has been trying to work on it as well. I don't know what the status is on it though. It is Page 8E. It is the very last page of your packet.

Alderman Thibault stated as far as I know they were part of the Queen City Motel.

Ms. Wickens replied they just keep not paying and they don't think anything is going to happen to them. Fire has done everything but they really can't turn the alarm off.

Alderman Thibault stated I think Alderman Lopez is right. If we bring them to court once that will show them that we pursue these things.

Ms. Wickens replied I agree.

Deputy Solicitor Arnold stated that is what I am in the process of doing now.

Alderman Guinta asked do we have a figure of the total amount outstanding, everything that is included in this report.

Ms. Wickens asked the over 90 days report.

Alderman Guinta replied everything that is listed here.

Ms. Wickens stated there are totals at the end of every report.

Alderman Guinta asked I mean collectively.

Ms. Wickens answered collectively I now what is outstanding, it was like \$8.7 million the other day. Not in Over 99 Days, but just in total receivables for the City. I could get you totals and I could actually report that every month.

Alderman Guinta asked \$8.7 million.

Ms. Wickens answered yes in total receivables coming into the City and that is including current and past.

Alderman Guinta asked but in excess of 90 days would be...

Mr. Sherman interjected that also includes property taxes that are outstanding.

Alderman Guinta asked but in excess of 90 days we are talking about \$2 or \$3 million.

Ms. Wickens answered maybe not quite that much.

Alderman Guinta asked and Tom you are starting to sue some of these people.

Deputy Solicitor Arnold answered yes. Basically what I have done is I have this list and I started pursuing some of the older ones first. Some of these may no longer be collectable but I have tried to target the repeat people with the oldest ones first and move through the list coming up to evaluate whether it is worth it to pursue further action.

Chairman Shea asked have you taken anyone to court and been successful.

Deputy Solicitor Arnold answered yes we have taken people to court. We have one now with a time payment. I have another that there is a default judgement on. There are a couple that I am having trouble getting service on. One is a trust and the address we have for the trust they say that the employee isn't there. That type of very practical problem that I am trying to work through. Unfortunately, it takes some time and effort along with the other things that the office has to accomplish and I try to give this priority because I realize it is important to the Committee.

Chairman Shea asked but if we are owed so much money, is it possible for some specialist, not people like the bill collectors but legal people to give them say some cases and say if you can bring back to us so much money we will give you a percentage of what you bring back. Is that a practical thought?

Deputy Solicitor Arnold answered you could do that subject of course to the procurement code. Actually originally the collection agency started to hire an attorney to do that and this was a few years back and we told them they couldn't do that, that they couldn't be hiring an attorney on behalf of the City to pursue these things.

Chairman Shea asked but the City could bring its own attorneys in right.

Deputy Solicitor Arnold answered yes. We are trying to handle it in our office right now but obviously there are limitations with the amount we can handle at once.

Chairman Shea asked do certain boiler professional people, lawyers, do they do that so that they will be able to keep busy.

Deputy Solicitor Arnold answered certainly.

Chairman Shea stated well maybe it is a thought. If they bring back a claim of a couple of hundred thousand we will give them 30% or 40%. It is better than sending out a collection agency that doesn't seem to have too much weight.

Ms. Wickens replied the collection agency does do pretty well though with the little collections that we have and the drop off facility and stuff they just seem to keep collecting on them. Nobody really believes we send them to collections and it kind of shocks them when they get their first letter. They are doing all right but it seems like the bigger ones are falling through the cracks.

Alderman Lopez stated just to clear up in my mind, Randy, if for example something that was due to us in 1998, 1999 or 2000 came in to us that is added revenue to the projected revenue, correct.

Mr. Sherman answered no because we are still carrying the receivables so we already recognized that revenue back in 1998 or 1999.

Alderman Lopez asked so you are still carrying that and what happens when we write-off \$10,000 or \$12,000.

Mr. Sherman answered if you have written it off and we collect it then it would be new revenue.

Chairman Shea called for a vote on the motion to receive and file. There being none opposed, the motion carried.

Chairman Shea addressed Item 9 of the agenda:

Discussion of audit submissions and responses.

Chairman Shea stated if you remember at the last meeting there was a concern on the part of two department heads that they weren't able to view the recommendations of the auditor so it was referred to this Committee to discuss it.

Alderman Lopez stated I believe that there ought to be some written policy given to the auditor as to after he makes his complete audit that he shall contact each department head to get their review before his submission. If you want to comment, Kevin, on how we are going to do that because I think that is the biggest issue.

Mr. Clougherty stated I agree with you. I think that there are already requirements that cover auditors and how they are going to develop their findings and they have to follow generally accepted auditing standards, which includes notification. With respect to the issue that was brought up last time and I think it was with respect to the Airport, there was a finding in FY00 that they had not done a good job in the auditor's mind of going out and tracking down some of the revenue from some of their consultants. That report...now remember that was for FY00. If you remember the FY00 audit we didn't get until maybe nine months into the next fiscal year and the reason we didn't get it for nine months was because of all of the things that were going on with the School District. By the time that finding or that observation was made public there were maybe three months left at best in the current fiscal year to take corrective action. Well of course there couldn't have been corrective action during FY01, which is what the report was that you received the other night. If you were going to get a report for FY02, which I mentioned the night that we made the presentation, Kevin has taken a lot of actions since that time to address that and has hired an auditor and done all of the things that have happened. In fairness, what the auditor said was that during that three-month period or during that fiscal year that wasn't action taken. So from the auditor's mind they simply repeated the finding of the previous fiscal year. Do you understand that timing? Now from the auditor's standpoint and I have talked to him, the auditors feel that they made that clear to the people at the Airport and there is some disagreement on this I will confess but their feeling is that they made it clear that there would be the repeat finding. Now when we got the audit report or the management letter on Friday, we prepared it and got it out to the Board so that you would have it for your meeting on Tuesday night. Monday was a holiday. Everybody was interested in getting those audit reports before the Board you recall because it was important to have the discussion about the management letter and to have the School auditors here and everybody was working on that pace. I think we had an unusual situation this year because of the expedited nature of

trying to meet those deadlines. The auditors feel that they contacted a couple of the agencies and specifically the Airport on that and the Airport and Kevin feel that they weren't. I accept that and in the future we will make sure that those are done. You, I am sure, know Alderman that in the past we have always contacted everybody since there always was the opportunity for people to respond. With respect to the comment in the management letter about central contract administration, that was kind of a general comment not directed at any one particular agency for consideration by the Aldermen. In that regard I don't feel that the external auditor...at least he didn't feel he had the obligation to contact 37 different departments but to offer advice like perhaps you might want to take a look at central contract administration. Now I know that some departments looked at that and said, especially those who are looking at the expense side, said well you know we are kind of insulted by this. I have written to the Committee on Administration explaining to them that in subsequent discussions with the external auditor what his point was was not so much on the expenditure side where he was concerned because what happens with the way the process works is that nobody can expend money without Kevin and Robin going through it anyway so we pick up the expense side. The place where we really have some issues is on those contracts where the City should be getting some type of a payment. Those development contracts, those leases, those are the types of things that we have a hard time tracking. Even though we may get the initial contract, if it is amended subsequently we may never see that. That is the area that the auditor feels we should probably be trying to perhaps a little better job in terms of contract administration. It is with contracts that are of a multi-year nature that could generate some revenue. That is the explanation that he gave to us after our discussion with him after the meeting the other day. I think that going forward we obviously do want to have the chance for the respective departments to have their comments. With the nature of the timing this year, it didn't work that way.

Alderman Lopez asked if the auditor is vocally talking to department heads, that is no good, not when it comes to an audit and you have alluded to the fact that there are procedures to communicate with them. I don't know where those procedures are, but I am sure you can find out and give them to us.

Mr. Clougherty answered they are auditing standards.

Alderman Lopez replied they are auditing standards but we want to make it a policy or at least I want to make it a policy to make sure that whoever the auditor is that he contacts the department head in writing and gives that department head an opportunity to answer anything that he has said so we don't have this particular mix up again. Is there any problem with that?

Mr. Clougherty responded no and you will see that that is the way we have Kevin Buckley approach all of these departments with the audits he does.

Alderman Lopez replied Kevin does a great job but I am talking about this other guy from Connecticut. When I compare him to the guy who did the School audit, it is apples and oranges but that is a different issue. If it is okay, Mr. Chairman, I don't know how you want to handle this but I think a written procedure policy from the Board of Mayor and Aldermen to make sure that the auditor does contact the department head regardless of whether it is in the standards or not, we would have a policy from the Board.

Clerk Bernier stated the suggestion would be to ask Kevin and Randy to draft a procedure and then submit it to this Committee for review.

Alderman Smith stated in other words it is communication and I don't think there would any problem if every department head...

Mr. Clougherty interjected it has been in the past.

Alderman Guinta asked can we stipulate to an outside auditor...can we request certain things over and above what the general accounting principals would require.

Mr. Clougherty answered yes.

Alderman Guinta asked so we can legally do this.

Mr. Clougherty answered we have already had the discussion with the auditor this time. We understand that he was asked to be here for certain meetings because there were some other issues that the Board wanted addressed and that they expedited their process but certainly we can put something in place that tells them in the future, regardless of what the schedule is, we need to have these reports so that we can get them circulated to people in advance so they can make a response. From my perspective that is part of the standards and should not be an issue and we will be happy to draft something up.

Alderman Guinta asked are we asking for the reports to be provided or are we asking the auditor to contact the department head before he writes the report.

Alderman Lopez stated what I am saying if he is saying something negative about something that belongs to let's say the Airport then I think the Airport Director deserves to be able to look at it just like Kevin Buckley when he did the Welfare Department and had the Welfare Commissioner answer some of his questions.

Mr. Clougherty replied that is a good procedure to have him look at the drafts and that is what we do and again that is what I would expect would be the common practice. We thought that occurred this time. Apparently, there is some disagreement that is did and we have to do a better job of making sure that happens in the future and we will tell them that.

Alderman Guinta stated the concern, I think, with that specific issue with those two departments was the auditor was saying we contacted the department heads and the department heads were here clearly saying we were not contacted. I wouldn't even want a draft created until there is some sort of verification that the auditor did sit down or did specifically speak with them. That is what you are talking about, right?

Mr. Clougherty replied the way it usually works and admittedly this year because of scheduling it didn't work the way it ordinarily does but the ordinary process is the auditor does his auditing and as a result he picks up his observations or his comments of compliance and non-compliance which we didn't have this year and then he develops his helpful hints list and when that is in the draft form before it goes and is released publicly, he should give that draft to the respective department so they can comment and say well that is not right or I disagree but at least it is factual. At the very least, at the draft stage those things should be shared with the departments and then when the final report is issued then there is the ability to take and comment on the final report because you do want the external auditor to have the ability to comment on things that he feels are perhaps areas for improvement or non-compliance.

Alderman Guinta asked do these reports, these audit reports, are they utilized by bond rating companies to determine what our bond rating would be as a City.

Mr. Clougherty answered the comprehensive annual financial report, which is the financial statement is a concern. They will occasionally ask for the management letter. If there is a particular issue in your management letter then the burden really is on us to disclose that to investors and say oh by the way we have these types of issues. So when we have had meetings with credit rating agencies in the past we would say here is our management letter and walk them through that.

Alderman Guinta stated in this particular issue it wasn't just we think you can do this better or...this was clearly you don't know how to negotiate a contract. That is the way I read it. Well not how to negotiate a contract but you don't know how to read a contract and administer a contract which to me as the point was made by both department heads that is ludicrous. I guess my concern would be that could be construed as a very adversarial, well not adversarial but very negative piece of information that a bonding company or rating company is looking at.

Mr. Clougherty stated the first thing that the rating agency is going to do is look and see what category these comments fall under. Are they reportable conditions, which is a formal finding of a problem? If it is not listed as a reportable condition, it automatically falls down to a different level of important. Is it a level of non-compliance with legal and statutory? If not, then it falls down to a much different level of here are some things where you can improve. I think when Scott made his presentation in fairness to him he

made it clear that the City had overall done a good job and these didn't raise to the level of serious concerns, they were just issues that perhaps you would like to take a look at to improve on. So, when the rating agencies look at that, they see these so often that they will say...well what are the helpful comments and they will say well okay in terms of administration what are you trying to get at here. As I mentioned, his comments that night were again that it was mainly on the revenue side where we have some issues. It wasn't on the expense side. Nobody is saying that we don't have the ability to negotiate or whatever. We are strictly on that side and I think if you go back to the record he really did comment on that.

Chairman Shea asked, Mr. Clougherty, when can you have that draft available.

Mr. Clougherty answered I will have it available at the next meeting.

Chairman Shea asked are there any other comments you would like to make, Kevin.

Mr. Clougherty replied I am encouraged by the financial statements. We saw that dip where we went down. If you take a look at the financials from the revenue side, in order to come out even this year, we have to be 6% above last year. We are at 3% so we are performing better than we did last year but we are still not up to the budget expectations. We have a little bit of breathing room on the expense side at least and that is what we are seeing right now. If we can get through without too many of the snow incidences then that is going to help us too. If some of the things that Paul is doing at Welfare can help us, those are all things we can look at because you are looking at a difficult budget year for next year and if we can create some fund balance to help you with that next year those are the things that we would like to be sensitive to. As much as there will be requests I am sure to try and if there is contingency to use it for other things, you may want to keep in the back of your mind the difficult situation you have for next year and try to generate some fund balance. We will keep you posted on that each meeting.

Chairman Shea stated I appreciate you coming here and your efforts.

NEW ITEMS

Alderman Lopez asked, Kevin, do you keep a list of who has cell phones in the City and is that process monitored pretty good.

Mr. Clougherty answered I don't keep a list of them. I believe it goes through Information Systems. I know they have the information on all of the so-called LAN lines. I can find out.

Alderman Lopez asked so a department head doesn't have to submit everything to you.

Mr. Clougherty answered we would see the bills and certainly owning a cell phone is something that a department head can do and as long as the payments are reasonable we would be looking to see if they are within the right payments or if there is anything on there like a 900 number of something kooky like that. As far as are we trying to keep track of who has different cell phones, we are not looking at that.

Alderman Lopez asked so there is no policy in this City for emergency personnel only. Anybody who wants a cell phone they just give them to them.

Mr. Clougherty answered I can't say that. It is really something that falls under the technology realm of Diane Prew. Let me talk to her and see what procedure she does have in place for that and I can give it to you at the next meeting. Would you want at the next meeting a list of who has cell phones?

Alderman Lopez replied I would because I know there are people who have cell phones that are not emergency type people and maybe some of those bills ought to be scrutinized, especially when they go to Florida. Anyway, if you can check it out I know one department head got rid of cell phones for two or three people.

Mr. Clougherty responded I will go back and prepare something for the next meeting.

Alderman Lopez stated the monthly CIP report, Robin, when you make this report is it coordinated with departments or if I went and looked at one thing and said there is a \$30,000 balance on 650 Valley Street Master Plan would you know if that department has committed any money to that plan or would you have to wait if you follow my question.

Ms. Descoteaux asked where are you looking.

Alderman Lopez answered on Page 1, 81001, 650 Valley Cemetery Master Plan. They still have \$30,000 in there right.

Ms. Descoteaux replied right.

Alderman Lopez asked so as of today the money is still there.

Ms. Descoteaux answered correct the money is still there.

Mr. Clougherty stated there is no expenditure or encumbrance against that.

Alderman Lopez asked so they have done nothing on that.

Ms. Descoteaux answered yes.

Alderman Lopez stated it is a very good report and if you could make a legend it would be easier to follow.

Ms. Descoteaux replied yes I made a note of that and you also asked for it by department correct.

Alderman Lopez responded yes. You are using three code and we are using two code so if we could have the same code...

Ms. Descoteaux interjected but you also asked me to sort it by department but you don't carry the funding source. You just want all of the Highway projects together or all of the Building Maintenance Projects together?

Alderman Lopez replied that makes no difference to me. If you keep it by year that is a lot easier as long as I know what I am looking at, what department, something there. It is a very good report.

Mr. Clougherty stated the reason we do it by a particular funding source is we don't want people thinking that bonds can be moved for certain things or Federal grants can be moved so that you keep similar things together.

Alderman Lopez replied I understand that and, Kevin, maybe you can help but in 1997 the older bonded projects, you have over \$200,000 in the City computer upgrade. How long does that go on? We haven't found anybody to spend the money or upgrade the computers or what?

Ms. Descoteaux stated I brought that to their attention when I started putting this together, all of the different CIP computer projects that they had money left in.

Mr. Clougherty stated we have seen them draw down on the older accounts and we think that is an important thing that they should be doing.

Alderman Lopez asked when would you or would you say here are 1997 projects and we have over \$200,000 in City computer upgrades and it seems like every year we give money for computer upgrades. Now who is the expert who says you have \$600,000 in computer upgrades? When is the breaking point where we only need \$300,000? I don't understand.

Ms. Descoteaux answered we bring it to the attention of the departments that this is what we are finding but it goes through the CIP process and they have to move the funding to another project.

Mr. Clougherty stated for segregation of duties you don't want the same person making those decisions in accounting form so we have in the City the Planning Department that runs the CIP and makes policy decisions and works with you in terms of what projects you want to have done. Our job is to come back and independently give you a statement of what the status of all of those dollars are. Now in terms of, for example, the computers you would want to talk to Bob about why he feels that should still be continued and you would want Diane to come in and say all right this is everything that I have going on and how I intend to fill it and the timetable.

Alderman Lopez stated I think it is important because when you look at FY99 you have \$46,000 and then you go to 1998 bonded projects and you have \$451,000 and then you have another \$200,000. My God you must have \$1 million over there and I know that it is expensive but somebody has to keep track of this, Mr. Chairman. Maybe we need these people to come in and explain and show us how they are going to spend this money for long-range projects.

Mr. Clougherty stated the reason we give you these reports is so that when you are doing your budgeting you will have them as a basis to ask those questions. Again, they are laid out in such a way that you can say all right justify why we need to give you more for something that already has X dollars in it. That is the purpose of these reports.

Alderman Smith stated just to follow-up I see one thing and you can probably explain it to me because I am the new kid on the block. It is State, Federal and City grants on Page 9, Bass Island Land Acquisition, \$250,000 and nothing has moved on that. That happens to be in my ward and I don't know if it is supposed to be buying the land across Second Street or what.

Ms. Descoteaux replied I spoke to Parks & Recreation in regards to that and that is the one where they are moving Dubois over there so they are not purchasing that property now and that will be removed but I have to go through CIP to remove that.

Alderman Thibault asked where does the land go then if it is not going to be sold or used by Parks & Recreation. Does it go to Lands & Buildings?

Ms. Descoteaux answered I don't know.

Mr. Clougherty stated if it is City land it goes to Lands & Buildings for them to make a determination on how it can be used. On that particular one I don't know. I can ask Bob tonight at the meeting.

Alderman Thibault stated as Chairman of Lands & Buildings I would like to know exactly where that is.

Mr. Clougherty replied I can send him an e-mail tomorrow asking on the status of Bass Island and ask him to forward you the information. Is that okay?

Alderman Thibault responded yes.

Alderman Smith stated getting back to Bass Island is that bonded money, Kevin.

Ms. Descoteaux replied no and this is why I knew the land wasn't being purchased because it was supposed to be a match with LCIP through the State and that is why I questioned where the funding source was and was this half of it and then the other half would have been the City but the City tabled that item. This would have been State money.

Mr. Clougherty responded it is the Land Conservation Investment Program.

TABLED ITEM

10. Communication from Kevin Sheppard, Deputy Public Works Director, regarding the Johns Manville Settlement Fund.

Chairman Shea stated I spoke to Kevin Sheppard today and he indicated that he spoke to either Randy or Kevin and he was told in essence that it would be better not to do anything until the end of the fiscal year and if we need that money I guess it is going to go into the general fund and if not they will be able to keep it for roofs, etc. He asked that this be kept on the table.

This item remained on the table.

There being no further business, on motion of Alderman Smith, duly seconded by Alderman Thibault, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee